GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:3538
ANSWERED ON:14.08.2000
CONCESSION TO PRIVATE TELECOM OPERATORS
SURESH KURUP

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Government allowed several concessions to private telecom operators to make their business viable while signing the licences;

(b) if so, whether these private operators are now refusing to deliver the goods as promised by them by asking more concessions;

(c) if so, the action taken by the Government in this regard?

Answer

MINISTER OF STATE FOR COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) : No, Sir. The licences for operation of various Telecom Services were signed with private telecom operators on mutually agreed terms and conditions; no concessions were allowed.

It was only after signing the licences that the Government while approving the New Telecom Policy-1999 (NTP-99) noted that it will be in public interest for the NTP to be uniformly applicable all over the country; NTP-99 also stated the Government`s intention to satisfactorily resolve the problems being faced by the existing operators in a manner which is consistent with the contractual obligations and is legally tenable. In this background, the Government approved migration of the existing licensees to the revenue sharing regime of NTP-99 under a Migration Package.

However, the following fiscal benefit are available to telecom service projects :

- amortization of license fee
- tax holiday
- enhanced limit of external commercial borrowings
- rebate on subscription to shares/debentures
- scope for tax exemption on financing through venture capital.

(b) & (c) : The operators have not refused so far to deliver the goods as promised by them but some operators like Basic Service Licensees are now seeking concession for dilution of their obligations, inter-alia, towards provision of VPTs (Village Panchayat Telephones) and DELs (Direct Exchange Lines).Government have not agreed to such requests. As regards the action taken by Government for non-fulfilment of the obligations by the private telecom operators, penalty as liquidated damages have been imposed as prescribed in the licence agreements.